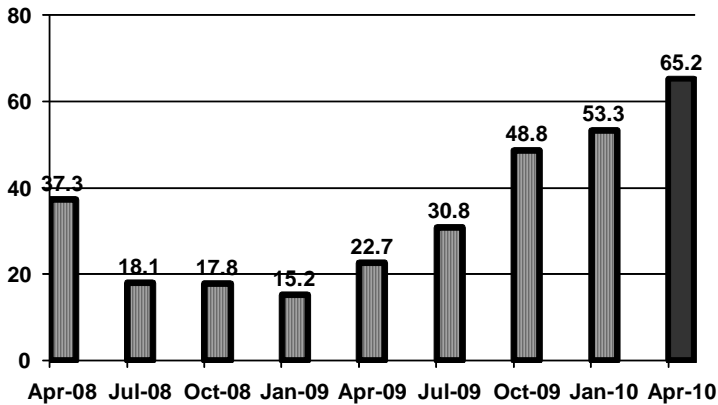


# Orange County Business Expectations Survey OCBX, 2<sup>nd</sup> Quarter 2010

Project Director: Anil K. Puri, Ph.D.

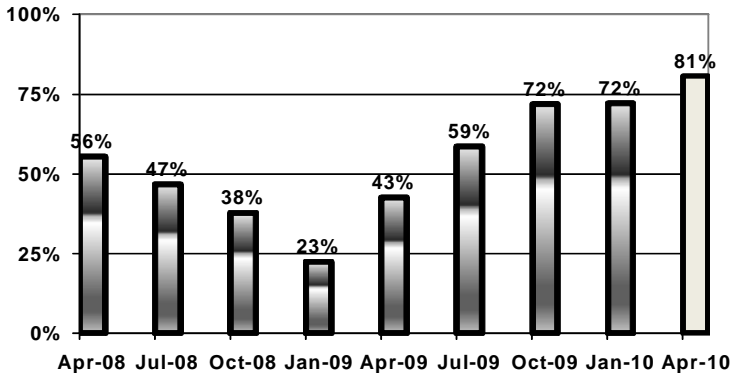
This survey of businesses was conducted during the weeks of March 17-23, 2010.  
105 executives responded for a response rate of approximately 14%.

## Orange County Business Expectations: OCBX Index



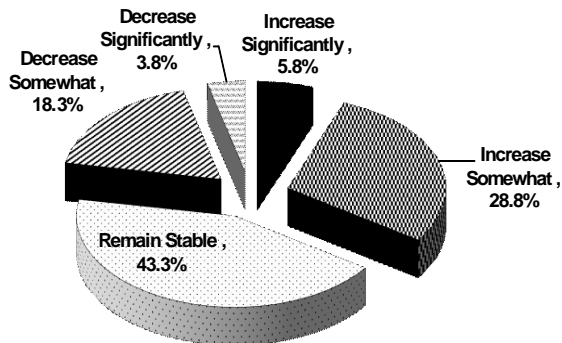
**Business expectations:** Orange County Business Expectations Index, OCBX, increased to 65.2 for the 2<sup>nd</sup> quarter of 2010 from a value of 53.3 in the 1<sup>st</sup> quarter of 2010. A reading of above 50 indicates future growth in the economy. This is the fifth consecutive increase in the index and is indicative of a continuing positive turn in business expansion for Orange County. It indicates a solid upward trend.

## Overall Business Activity: Expect Increase or No Change



**Overall Business Activity:** The proportion of owners, CEOs, and managers that expect overall business activity to improve or stay the same improved to 81%. This variable measures responses to questions about Orange County executives' own industry as well as their outlook for the regional economy. It indicates that the business perceptions are improving for the local economy. This is the highest level in the last two years.

## Expected Local Industry Activity Over the Next Three Months

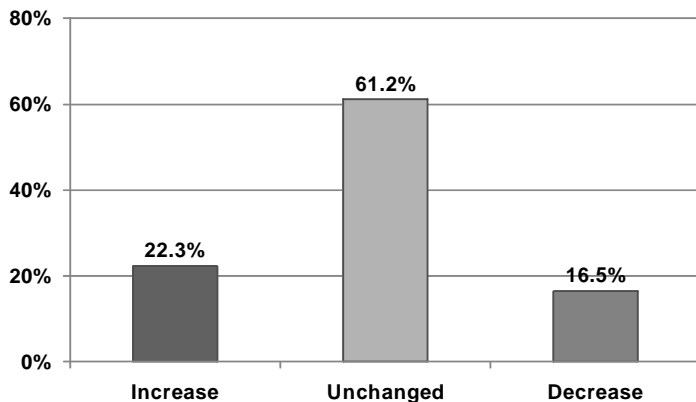


**Own Industry Activity Survey Results:** 34.5% (same as the previous quarter) of the executives expect significant or some growth in their own industry. 22.1% (26.5 previously) of businesses predict some decreases in their industry. A 43.3% (38.9% previously), of Orange County firms believe that their own industry will remain stable. It shows a continuing improvement in confidence within business sectors.

# Orange County Business Expectations Survey OCBX, 2<sup>nd</sup> Quarter 2010

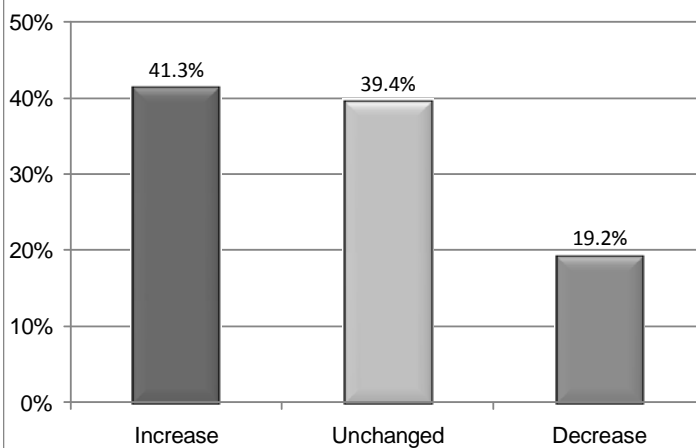
Project Director: Anil K. Puri, Ph.D.

## Expected Employment



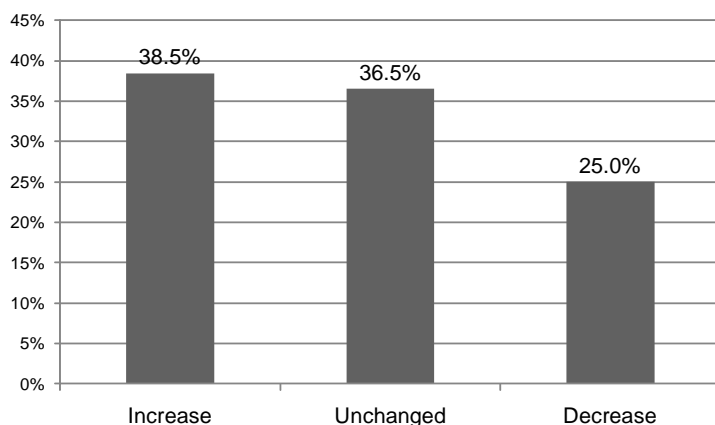
*Employment:* Reversing the trend from the last four quarters, employment prospects improved somewhat this quarter. 61.2% of firms surveyed intend to make no change in their labor force (compared to 65.8% last quarter), 22.3% intend to hire more (compared to 20.2% last quarter) and 16.5% expect to cut jobs (compared to 14% last quarter). In other words, employers are beginning to look forward to retaining and to small increases in their labor pool.

## Expected Gross Sales/Revenue



*Sales/Revenues:* 41.3% of the firms surveyed expect their sales to increase this quarter (compared to 41.7% in the 1<sup>st</sup> quarter of 2010), 39.4% expect little change (compared to 39.1% the last quarter) and a 19.2% expect to have lower sales (compared to 19.1% in the last quarter). Overall, the expectations for sales have shown little important improvement from the previous quarter.

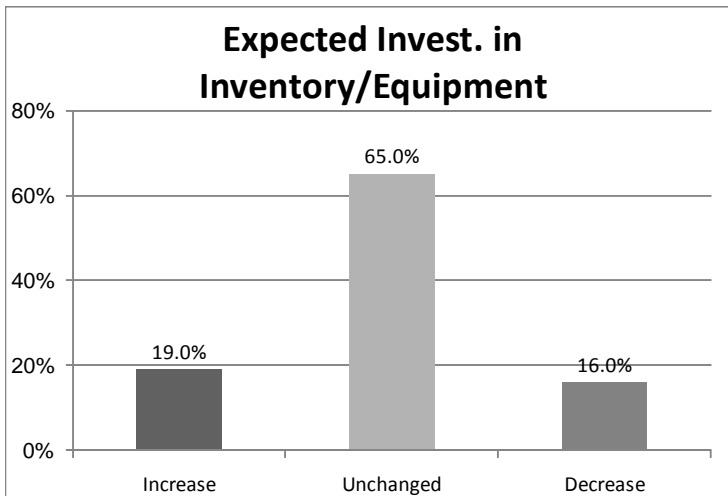
## Expected Operating Profits



*Operating Profits:* 38.5% of the firms surveyed expect to have higher profits in the next three months (compared to 36.5% last quarter), 36.5% expect no change (compared to 40% from last quarter) while 25% expect lower profits (compared to 23.5% last quarter). Profit expectations, as for sales, of OC firms appear to have improved somewhat over the previous quarter.

# Orange County Business Expectations Survey OCBX, 2<sup>nd</sup> Quarter 2010

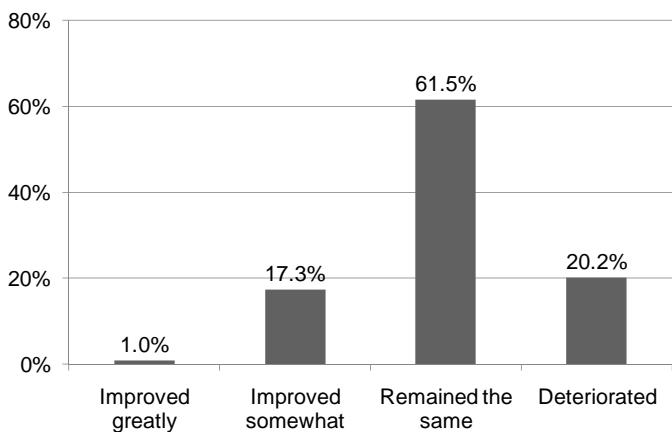
Project Director: Anil K. Puri, Ph.D.



### Inventory/Equipment Investment:

The percentage of those who said that they intend to increase inventories increases slightly to 19% compared to 13.5% for the last quarter. The share of those intending to leave the inventories unchanged changed to 65% from 65.8% and those who are going to reduce inventories decreased to 16% from 20.7%. There appears to be a greater willingness to increase inventory levels.

### Credit Conditions over the Last Three Months

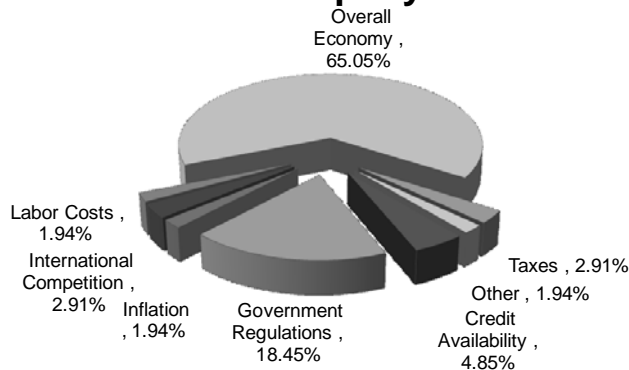


### Credit Conditions in the Last Three Months:

[SPECIAL QUESTION]

When asked how the credit conditions in their businesses have changed, 18.35 said that there has been some improvement. 61.5% indicated no change while 20.2% indicated further deterioration. This response combined with anecdotal evidence indicates that the credit conditions in the county are beginning to show signs of a thaw and should show continuing improvement through the year.

### Most Significant Factor Impacting Your Company

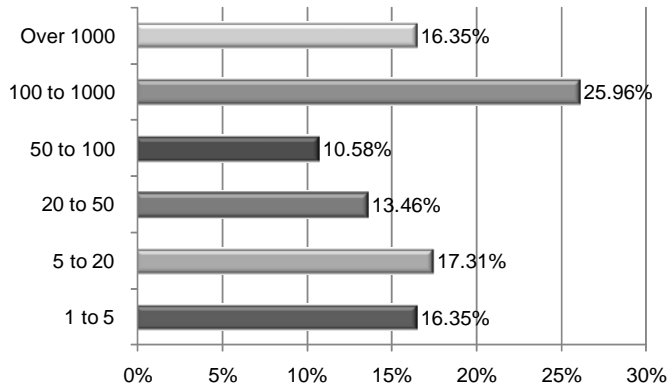


Most Significant Factors: The concern over the state of the overall economy remains the most important issue. In fact, the importance of that concern increased again to 65.1% (compared to 66.1% last quarter). Government regulation was the second major concern with 18.5% while the credit availability dropped to the third level with only 4.9%. This is consistent with respond to the previous question.

# Orange County Business Expectations Survey OCBX, 2<sup>nd</sup> Quarter 2010

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## Size of Firms included in OCBX Index: Employment Levels



*Sample Firm Size:* Over 42.3% of the firms who responded to the survey employ more than 100 workers, (same as last quarter), while 33.7% had fewer than 20 employees (compared to 29.7% last quarter). The rest, 14.1%, hire between 20 and 100 employees.