Thank you for participating in the Ohio Chamber Research Foundation’s 2nd Quarter 2020 Prosperity Pulse survey. In these unprecedented times, our quarterly survey is an instrumental tool to hear directly from business leaders across the state regarding not only the current conditions of Ohio’s economy, but expectations for the future, and would not be possible without the direct feedback we receive from the business community.

While businesses are still trying to figure out a path forward in the face of the COVID-19 pandemic, a slight bounce-back is evident in our latest results, as the Prosperity Pulse Index rose to 93 from its previous low-water mark of 51. As a reminder, the index is calculated as a metric of five forward-looking economic factors, and a reading of 100 is considered to be average economic conditions. Therefore, a reading of 93 still displays an overall below-average economic landscape, as both optimism and fear over re-opening have taken their toll on businesses across the state. Hiring plans among respondents have doubled, with 68% of respondents indicating they plan to increase their payrolls as the economic engines restart, while overall economic outlook remains low in the face of the unknown weeks ahead.

That lack of clarity has kept Economic Uncertainty as the top concern among business leaders, keeping the Cost of Healthcare out of the top spot for the second quarter in a row. While most of the top five concerns have remained roughly the same, the big jump this quarter came from business leaders worried about the political environment in Ohio, as the shockwaves over the replacement of Larry Householder as Speaker of the Ohio House of Representatives mix with concerns about the national political landscape heading into what looks to be a very contentious presidential election.

Please read on for the rest of the highlights of the latest Prosperity Pulse, and again, thank you for sharing your insights.
THE **PROSPERITY PULSE INDEX**

The Prosperity Pulse is an index measurement of the economic health of Ohio companies, taking into consideration the future outlook of five key indicators: profits, employment levels, unfilled openings, capital expenditures, and overall economic optimism. *Note that starting with polls conducted in 2019 (including 4Q 2018), the overall Index is calculated to reflect only those who saw either an increase or decrease in these business indicators.*

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**Prosperity Pulse Components**

<table>
<thead>
<tr>
<th>Component</th>
<th>2Q Positive</th>
<th>Change from 1Q</th>
<th>Change from 2Q 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anticipate Increased Profits</td>
<td>26%</td>
<td>+18 ↑</td>
<td>-8 ↓</td>
</tr>
<tr>
<td>Plans to Add Jobs</td>
<td>68%</td>
<td>+34 ↑</td>
<td>-16 ↓</td>
</tr>
<tr>
<td>Unfilled Jobs</td>
<td>25%</td>
<td>+6 ↑</td>
<td>+4 ↑</td>
</tr>
<tr>
<td>Planned Capital Expenditures</td>
<td>21%</td>
<td>+4 ↑</td>
<td>-7 ↓</td>
</tr>
<tr>
<td>Overall Economic Outlook</td>
<td>29%</td>
<td>+18 ↑</td>
<td>-1 ↓</td>
</tr>
</tbody>
</table>

---

100 = Average Economic Conditions

**<100** | **100** | **>100**
---
Below Average | Average | Above Average

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OPTIMISM
Percentage of business leaders that are OPTIMISTIC about the future economic health of their company:

<table>
<thead>
<tr>
<th>Quarter</th>
<th>1Q 2017</th>
<th>2Q 2017</th>
<th>3Q 2017</th>
<th>4Q 2017</th>
<th>1Q 2018</th>
<th>2Q 2018</th>
<th>3Q 2018</th>
<th>4Q 2018</th>
<th>1Q 2019</th>
<th>2Q 2019</th>
<th>3Q 2019</th>
<th>4Q 2019</th>
<th>1Q 2020</th>
<th>2Q 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optimistic</td>
<td>69%</td>
<td>74%</td>
<td>71%</td>
<td>74%</td>
<td>92%</td>
<td>91%</td>
<td>91%</td>
<td>95%</td>
<td>95%</td>
<td>90%</td>
<td>83%</td>
<td>90%</td>
<td>96%</td>
<td></td>
</tr>
</tbody>
</table>

ECONOMIC CLIMATE
Percentage of business leaders that say the economic climate is...

- Fair: 42.6%
- Good: 28.2%
- Poor: 25.7%
- Excellent: 3.0%
- Not Sure: 0.5%
TOP 5 CONCERNS of OHIO BUSINESS LEADERS

<table>
<thead>
<tr>
<th>2Q 2020</th>
<th>1Q 2020 (Last quarter)</th>
<th>2Q 2019 (Last year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Economic Uncertainty</td>
<td>1 &lt;-&gt;</td>
<td>5 ↑</td>
</tr>
<tr>
<td>2. Cost of Healthcare</td>
<td>2 &lt;-&gt;</td>
<td>1 ↓</td>
</tr>
<tr>
<td>3. Ohio's Political Environment</td>
<td>10 ↑</td>
<td>7 ↑</td>
</tr>
<tr>
<td>4. State Regulations</td>
<td>4 &lt;-&gt;</td>
<td>9 ↑</td>
</tr>
<tr>
<td>5. Cost of All Employee Benefits</td>
<td>3 ↓</td>
<td>2 ↓</td>
</tr>
</tbody>
</table>

TOP CONCERNS by REGION:

**IN ORDER OF MOST CONCERNED**

- Economic Uncertainty
- State Regulations
- Cost of Healthcare
- Economic Uncertainty
- State Regulations
- Economic Uncertainty
- Ohio's Political Environment
- Economic Uncertainty
- Ohio’s Political Environment
- State Regulations
- Economic Uncertainty
- Ohio’s Political Environment
- Cost of Healthcare
THE NATION COMPARED TO OHIO

Most Important Issue Is...

<table>
<thead>
<tr>
<th>ISSUE</th>
<th>NATION</th>
<th>OHIO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of Labor</td>
<td>21%</td>
<td>9.4% (3rd)</td>
</tr>
<tr>
<td>Taxes</td>
<td>18%</td>
<td>4.0% (5th)</td>
</tr>
<tr>
<td>Government Regulations</td>
<td>14%</td>
<td>10.4% (2nd)</td>
</tr>
</tbody>
</table>

National Comparison: NFIB Research Foundation Small Business Optimism Index, July 2020

Region of the state most satisfied with the overall economic conditions?

Central Ohio  36% excellent or good

Least Satisfied?

Northeast Ohio  73% only fair or poor

FINDINGS of NOTE

Economic uncertainty continues to give businesses in the MANUFACTURING industry worries, with 91.4% of respondents indicating they were either very or somewhat concerned.

The CONSTRUCTION industry sees the brightest outlook for profits, with 50% of respondents indicating they anticipate profits to increase quarter-over-quarter.

Businesses in SOUTHWEST OHIO have strong concerns about Ohio’s political environment, with 43.2% indicating the highest level of concern on our survey.

RETAIL businesses expect to see a sharp rebound in hiring, with 62.5% of respondents from that sector indicating they plan to add to their employee headcounts in the next quarter.
SURVEY PROFILE

Business Leaders Participating in 2Q Prosperity Pulse Survey:

The Ohio Chamber of Commerce Research Foundation partnered with Clout Research to conduct the Prosperity Pulse, a quarterly survey of business leaders in various sectors across the State of Ohio regarding the strength of their companies and the state economy.

The survey included 404 respondents who completed survey interviews online and on the telephone with live agent interviewers between July 20-August 13, 2020. It carries a confidence interval of 95% and a margin of error of +/- 4.9 percentage points.

By Company Gross Revenue:

- Under $500k: 41.1%
- $500k-$999k: 16.8%
- $1M-$5M: 23.3%
- $6M-$10M: 6.4%
- $11M-$50M: 9.4%
- $51M-$100M: 1.5%
- $101M-$500M: 1.0%
- $501M-$999M: 0.5%

By Region:

- NW: 22.8%
- NE: 30.7%
- C: 23.3%
- SW: 18.3%
- SE: 5.0%
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