



PROSPERITY PULSE

INSIGHT FROM OHIO BUSINESS LEADERS



**Research
Foundation**

Thank you for participating in the Ohio Chamber Research Foundation's 4th Quarter 2018 *Prosperity Pulse* survey. The quarterly survey is an invaluable opportunity 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 your participation.

This quarter saw the *Prosperity Pulse* drop from its previous record high of 139.9 in 3Q down to 103.5, a figure that still indicates "above average" economic conditions but gives reason to take a closer look as to what may have caused such a sharp drop.

The data shows that two main factors are most attributable to the decrease in the *Prosperity Pulse* index. The first is a reduction in future planned capital expenditures. Where in 3Q, 72% of respondents said they were planning on capital expenditures in the next three months, only 15% said the same in 4Q. The second is a decrease in companies with reported job openings. Where 35% of firms indicated they had either skilled or unskilled positions open in 3Q, just 10.5% of firms reported open positions in 4Q.

While we don't know with certainty what may have caused those shifts, there may be a few clues regarding a changing political environment and poor stock market performance. The November elections led to divided control of Congress, creating uncertainty that may have caused most business owners to put capital projects and hiring on hold until some of the initial dust had settled in Washington. The first political skirmish of the new Congress led to the partial federal government shutdown, over which negotiations extended through the entire window of the survey period and thus may have led to concerns about further instability. Widespread hesitation in the stock markets, due in part to reports of a rough holiday retail season that turned out not to be true, ended with the worst December market performance in history.

The cost of healthcare, employee benefits and the impact of taxes remain among the top concerns of business leaders in Ohio. However, several bright spots can still be found throughout the survey: Every respondent (100%) indicated they added jobs in 4Q AND planned to add jobs in the next quarter. Also, a strong majority of business leaders remain optimistic about the future economic health of their companies.

Please enjoy the highlights of the latest *Prosperity Pulse*, and again, thank you for sharing your insights!

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ABOUT THE OHIO CHAMBER OF COMMERCE RESEARCH FOUNDATION

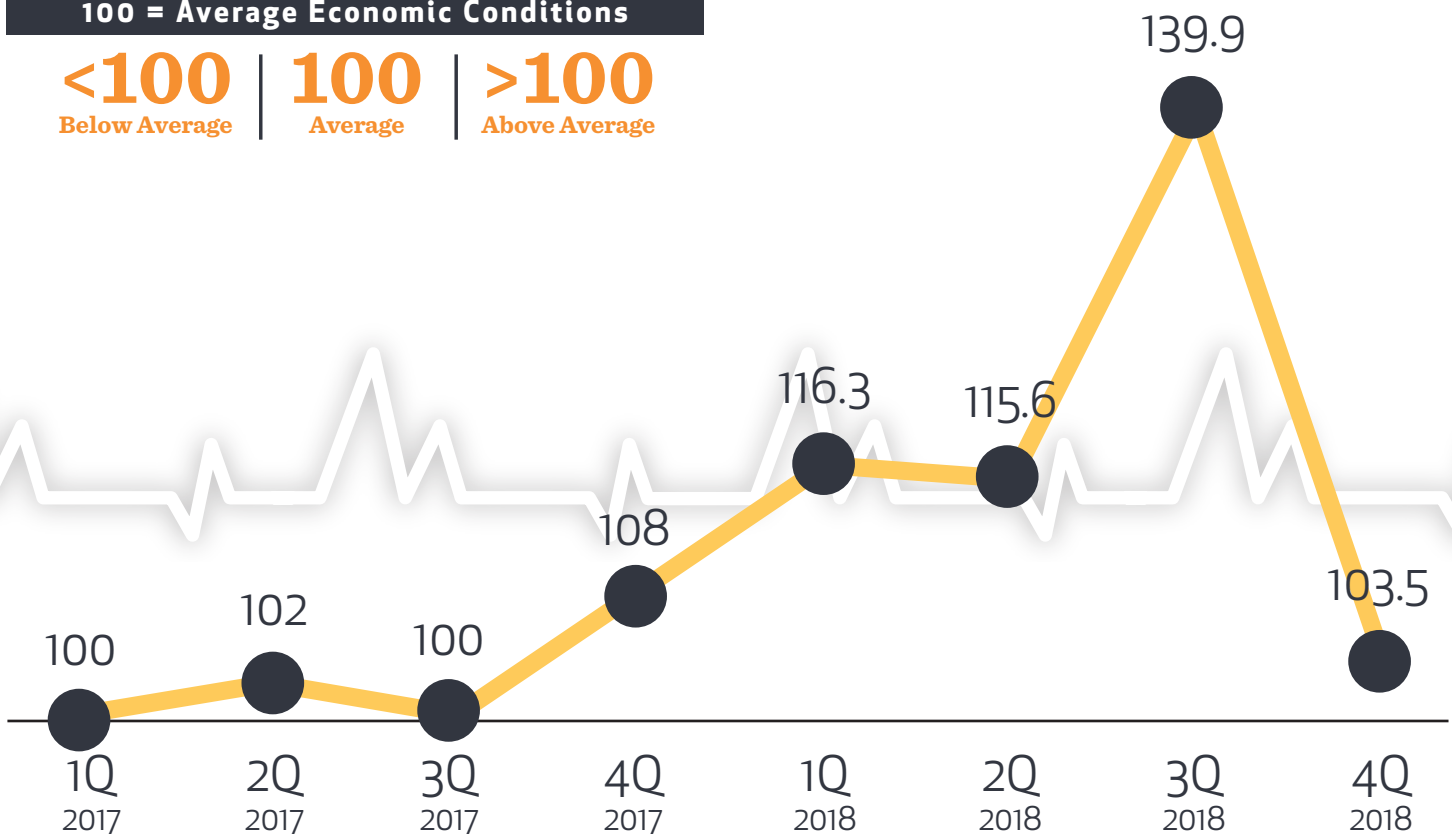
The Ohio Chamber of Commerce Research Foundation, Inc. is a 501(c)(3) nonprofit organization whose mission is to provide non-partisan, educational resources on public policy issues that may impact Ohio's economy, job creation, and long-term competitiveness.

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.

100 = Average Economic Conditions

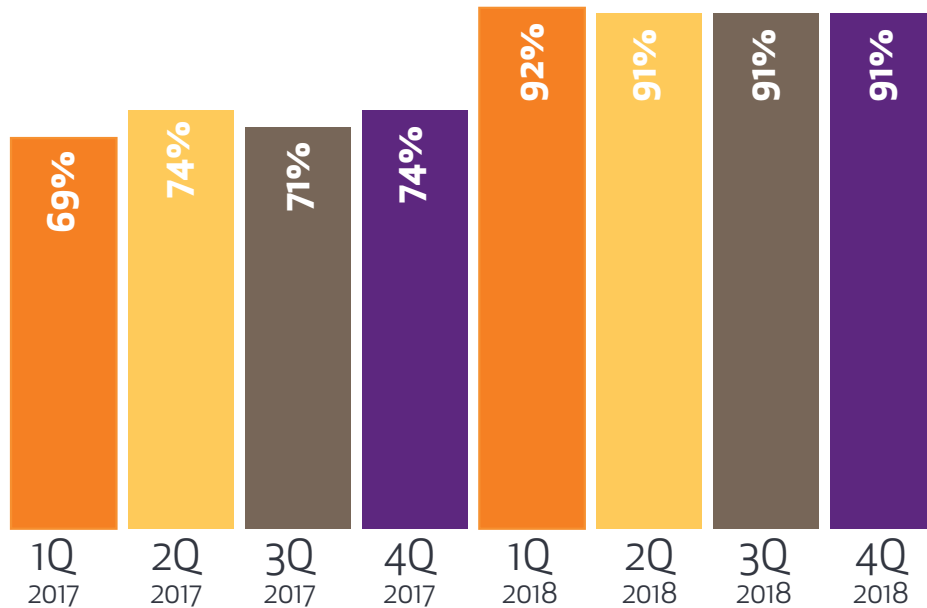
<100 | **100** | **>100**
Below Average | Average | Above Average



Prosperity Pulse Components	4Q Positive	Change from 3Q
Anticipated Profits	25%	-23 ↓
Plans to Add Jobs	100%	+2 ↑
Unfilled Jobs	11%	-24 ↓
Planned Capital Expenditures	15%	-57 ↓
Overall Economic Outlook	40%	-9 ↓

OPTIMISM

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



ECONOMIC CLIMATE

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

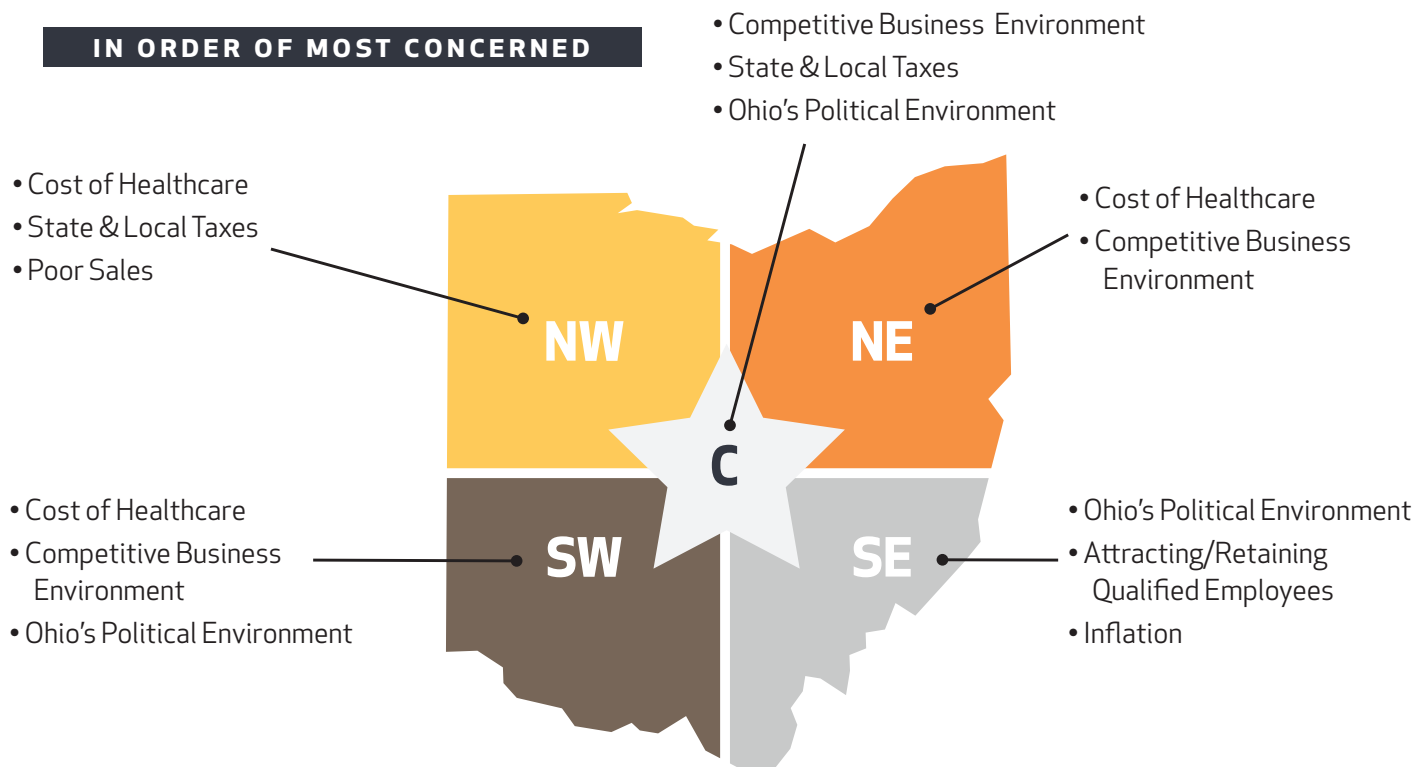


TOP 5 CONCERNS *of* OHIO BUSINESS LEADERS

4Q	3Q
1. Cost of Healthcare	1 <-->
2. Data Security	T5 ↑
3. Cost of All Employee Benefits	3 <-->
T4. Ohio's Political Environment	2 ↓
T4. State and Local Taxes	8 ↑

TOP CONCERNS *by* REGION:

IN ORDER OF MOST CONCERNED



THE NATION COMPARED TO OHIO

Most Important Issue Is...

ISSUE	NATION	OHIO
Quality of Labor	23%	10% (5th)
Taxes	15%	10% (4th)
Government Regulations	12%	12% (2nd)

National Comparison: NFIB Research Foundation Small Business Optimism Index, January 2019



FINDINGS of NOTE



Employers in SE Ohio have the most aggressive hiring plans, with

80.5% of businesses indicating they plan to add more than 25 employees in the next quarter.

NW Ohio businesses are most confident about the coming quarter, with

51.1% expecting a better 1Q 2019 for their company.

Demand for employees continues to remain strong in the **HEALTHCARE** sector, with

50% reporting open positions in 4Q.



53.3% of wholesale businesses saw increased profits in 4Q vs the previous quarter.

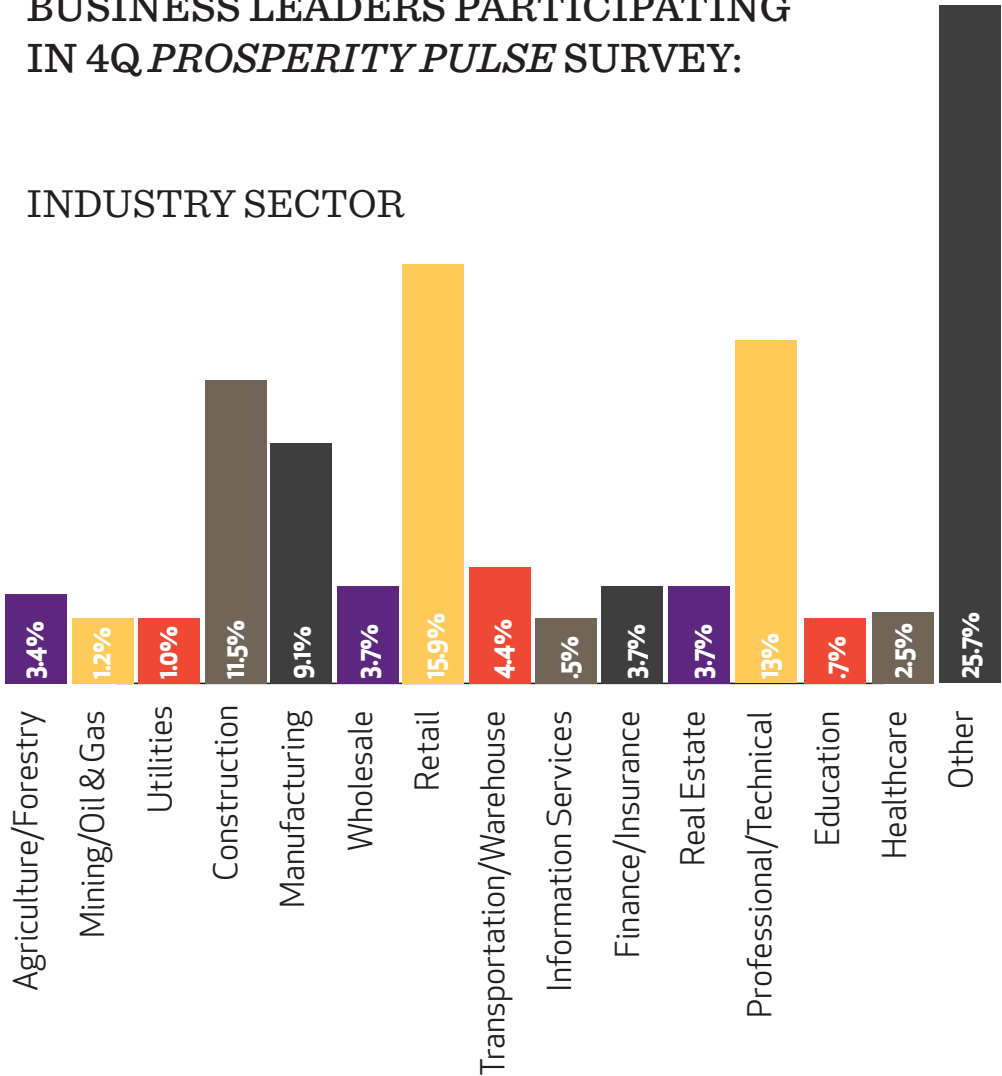
SURVEY PROFILE

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.

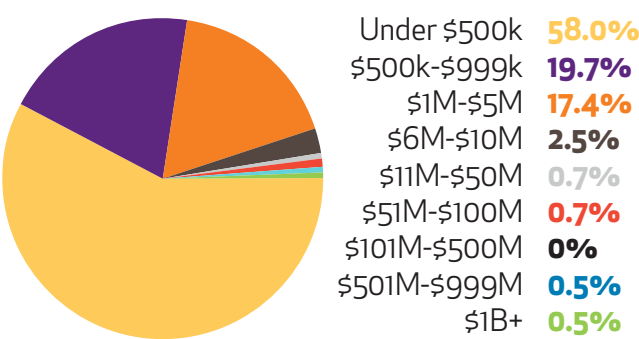
The survey included 408 respondents who completed survey interviews online and on the telephone with live agent interviewers between January 28 and February 10, 2019. It carries a confidence interval of 95% and a margin of error of +/- 4.75 percentage points.

BUSINESS LEADERS PARTICIPATING IN 4Q *PROSPERITY PULSE* SURVEY:

INDUSTRY SECTOR

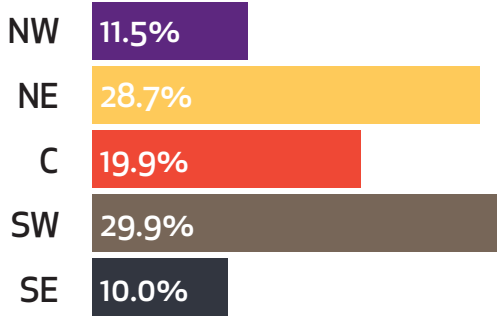


BY COMPANY GROSS REVENUE



Note: 0.2% declined to answer

REGION



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