



PROSPERITY
PULSE

INSIGHT FROM OHIO BUSINESS LEADERS



**Research
Foundation**

Thank you for participating in the Ohio Chamber Research Foundation's 2nd Quarter 2019 *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.

Results from this quarter show the *Prosperity Pulse* index drop slightly, from its 1Q mark of 121.8 down to 119.6. This is largely due to a drop in the expected company profits going forward into the third quarter, and a corresponding drop in how business leaders saw the future business outlook. In fact, as you will see on page 4, this is the lowest the optimism score has been recorded since the end of 2017. This meshes well with what we have seen nationally, with a great deal of uncertainty about the national political debate and with the still-unsolved China trade deal. Also weighing on the economy is uncertainty about the Federal Reserve and its potential movement on interest rates.

On the positive side, there was a strong jump in the percentage of Ohio businesses that said they plan more capital expenditures in Q3 – an increase of nearly 10 points, moving from 19% to 28%, which represents a 50% boost in the percentage of companies expecting to expand their plants and facilities or technology. Capital expenditures generally lead to further increases in productivity and, therefore, profitability, so this is a very good long-term development for Ohio's economy.

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

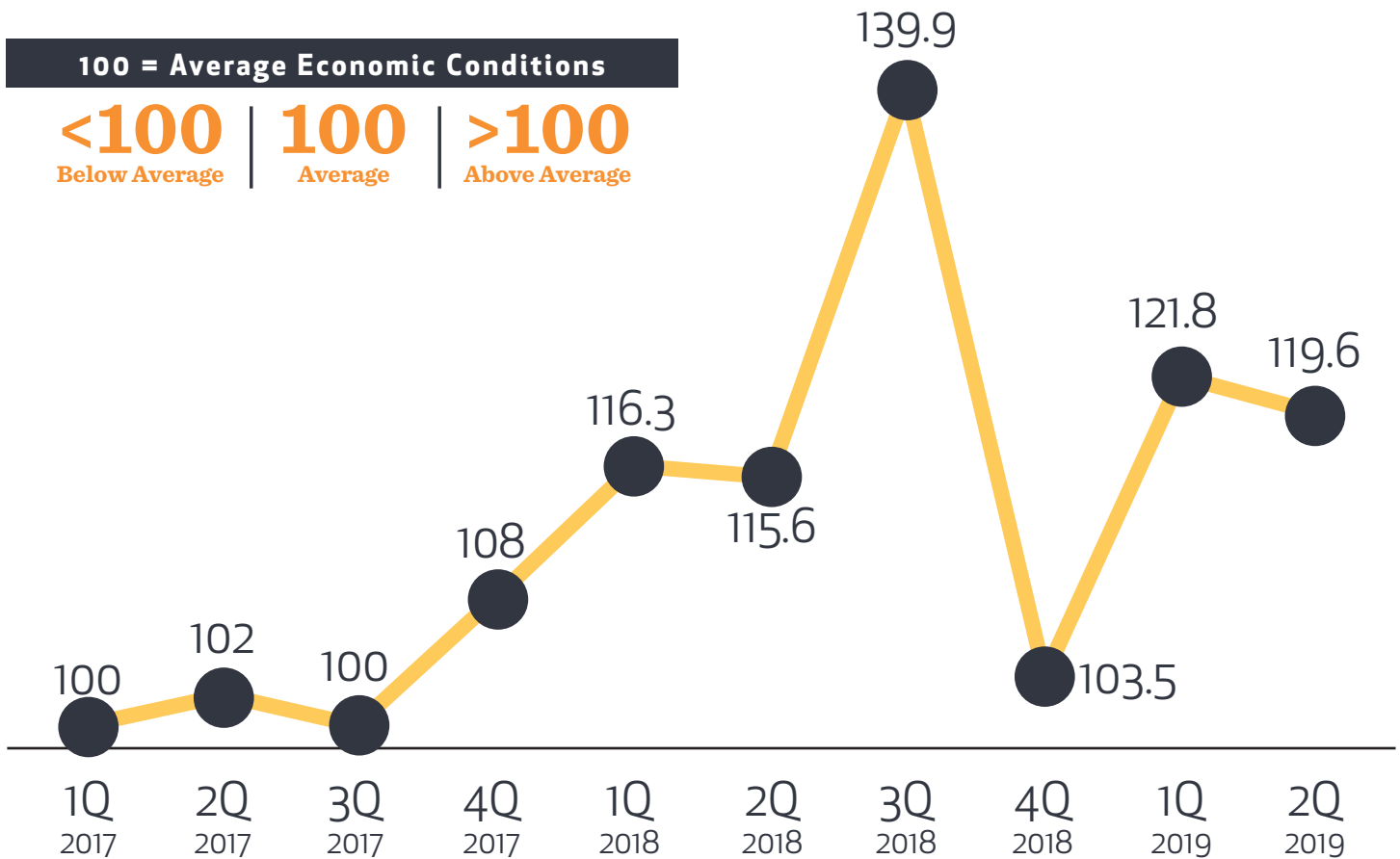
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ABOUT THE OHIO CHAMBER OF COMMERCE RESEARCH FOUNDATION

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

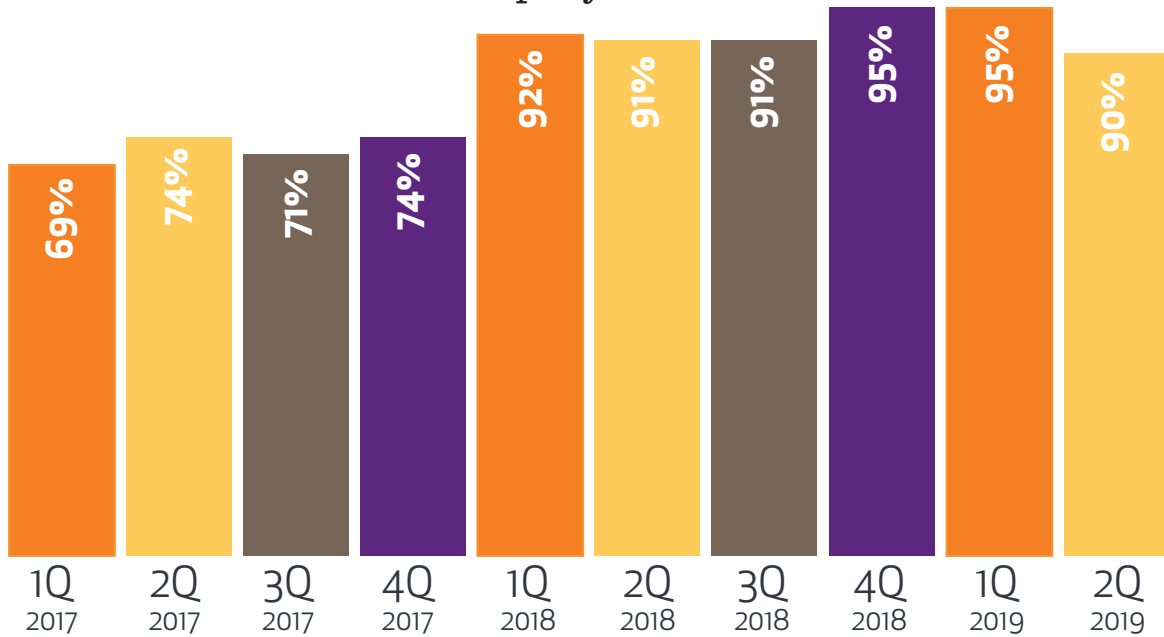
The *Prosperity Pulse* is an index measurement of the economic health of Ohio companies, taking into consideration the future outlook of five key indicators: profits, employment levels, unfilled openings, capital expenditures, and overall economic optimism. *Note that starting with polls conducted in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



Prosperity Pulse Components	1Q Positive	Change from 4Q	Change from 1Q 2018
Anticipated Profits	34%	-6 ↓	-5 ↓
Plans to Add Jobs	84%	-8 ↓	-11 ↓
Unfilled Jobs	21%	+3 ↑	-1 ↓
Planned Capital Expenditures	28%	+9 ↑	-8 ↓
Overall Economic Outlook	30%	-12 ↓	-13 ↓

OPTIMISM

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



ECONOMIC CLIMATE

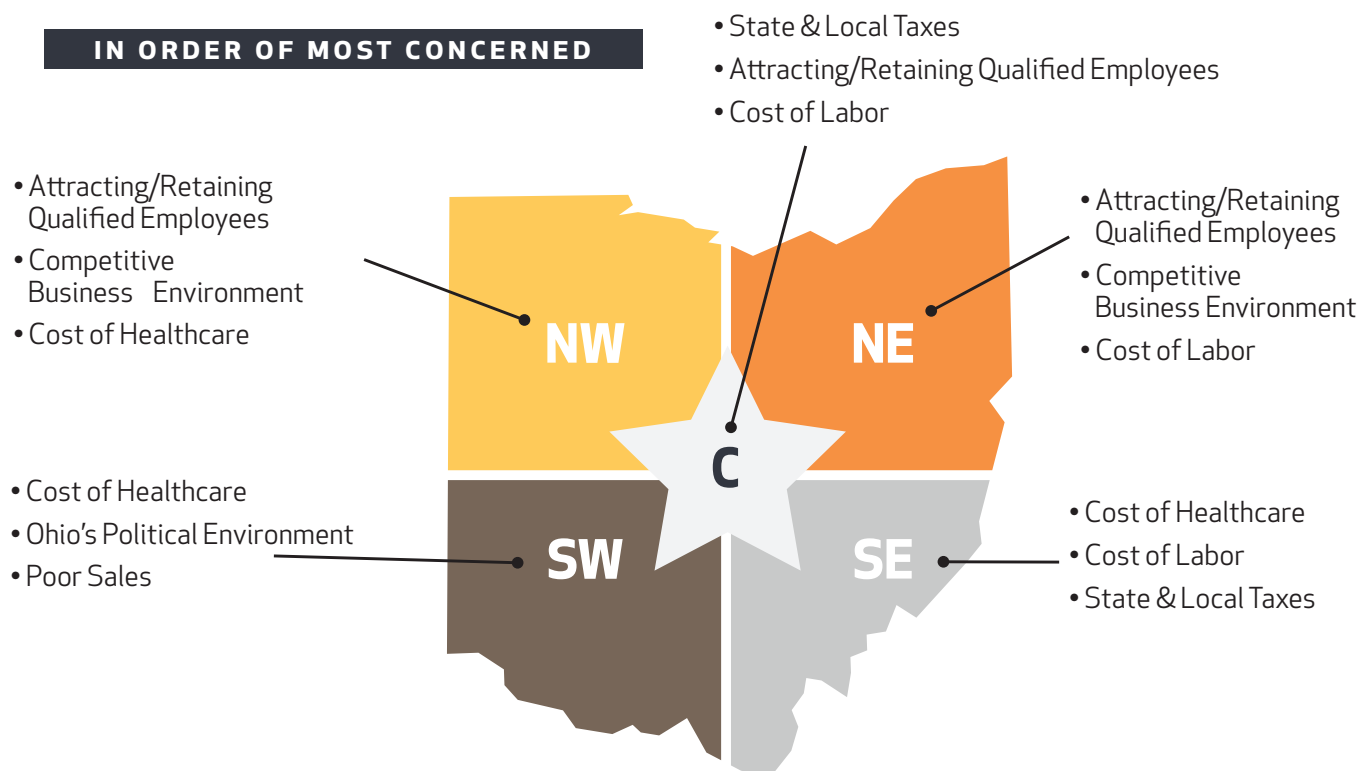
Percentage of business leaders that say the economic climate is...



TOP 5 CONCERNS *of* OHIO BUSINESS LEADERS

2Q 2019	1Q 2019 (last quarter)	2Q 2018 (last year)
1. Cost of Healthcare	1 <->	1 <->
2. Cost of All Employee Benefits	3 ↑	4 ↑
3. Federal Regulations	7 ↑	6 ↑
4. State and Local Taxes	5 ↑	3 ↓
5. Economic Uncertainty	9 ↑	8 ↑

TOP CONCERNS *by* REGION:



THE NATION COMPARED TO OHIO

Most Important Issue Is...

ISSUE	NATION	OHIO
Quality of Labor	26%	15% (2nd)
Taxes	15%	10.5% (3rd)
Government Regulations	13%	10% (6th)

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



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

Northwest Ohio 78% excellent or good

Least satisfied?

Northeast Ohio 40% only fair or poor

FINDINGS of NOTE



TRANSPORTATION companies reported the highest concerns with federal regulations, with **55.6%** of respondents indicating they are very concerned about the issue.

Businesses in NE Ohio are anticipating the largest increase in business expenses, with **68.3%** of business owners indicating they expect greater than 10 percent growth in their overall costs.



Planned capital expenditures are greatest in the **CONSTRUCTION** industry

58.8% of respondents indicated that they planned to make investments in their businesses in the coming three months.

State and Local taxes are top of mind to Central Ohio businesses, as **33.9%** of survey respondents reported they are very concerned.

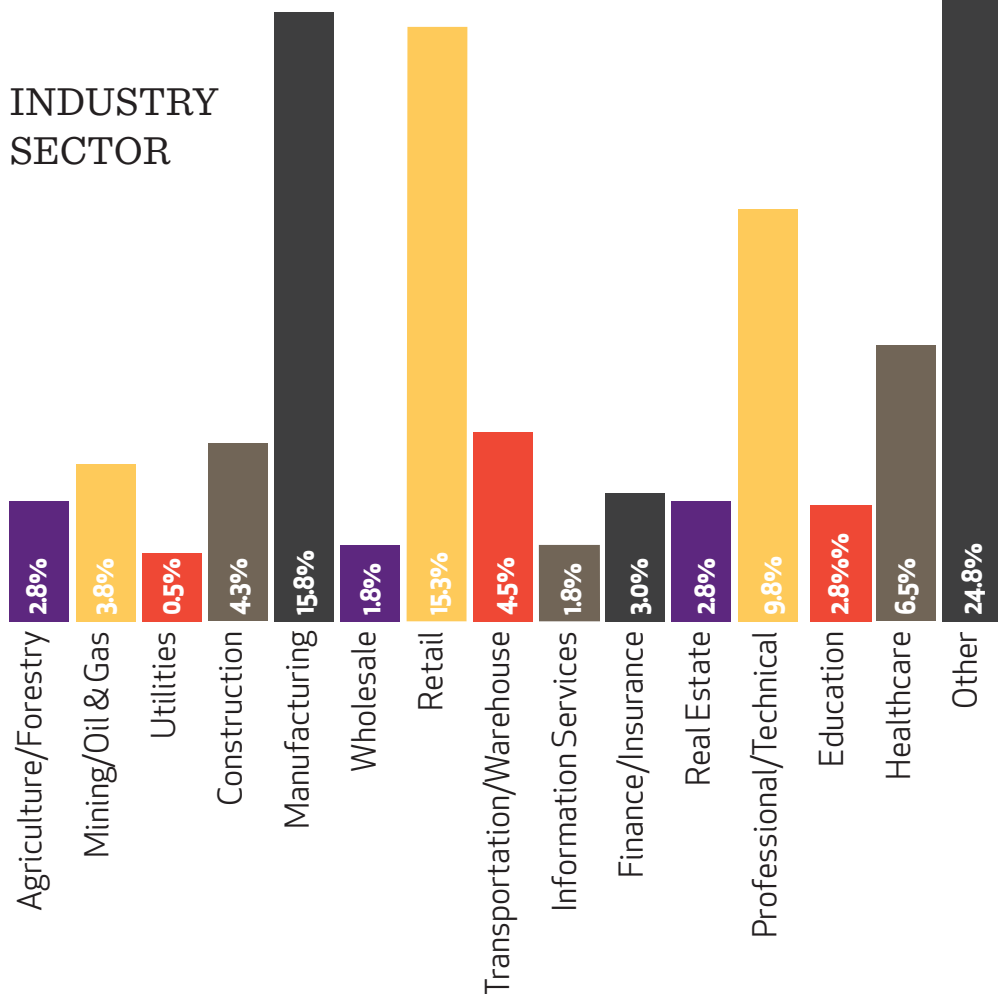
SURVEY PROFILE

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.

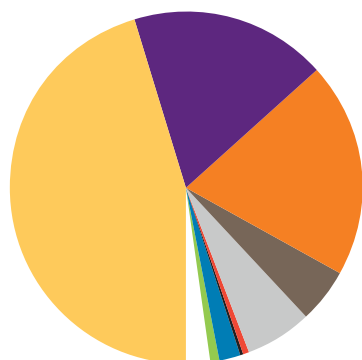
The survey included 399 respondents who completed survey interviews online and on the telephone with live agent interviewers between August 5-20, 2019. It carries a confidence interval of 95% and a margin of error of +/- 4.89 percentage points.

BUSINESS LEADERS PARTICIPATING IN 2Q *PROSPERITY PULSE* SURVEY:

INDUSTRY SECTOR

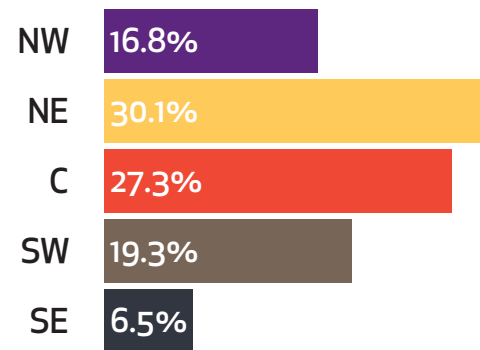


BY COMPANY GROSS REVENUE



Under \$500k	45.6%
\$500k-\$999k	17.8%
\$1M-\$5M	19.8%
\$6M-\$10M	5.0%
\$11M-\$50M	6.3%
\$51M-\$100M	0.5%
\$101M-\$500M	0.3%
\$501M-\$999M	2.0%
\$1B+	0.8%
Declined	2.0%

REGION



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