



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

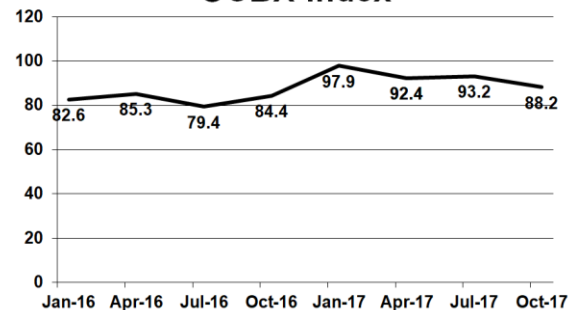
Orange County Business Expectations Survey, OCBX

This survey of OC business executives was conducted from September 14 – September 24, 2017. 54 executives responded for a response rate of approximately 13%.

Orange County Business Expectations: OCBX Index

The overall index, OCBX, for the 4th quarter 2017 decreased to 88.2 from 93.2 in the 3rd quarter 2017. The OCBX index is a measure of the overall view of the economy, and it is constructed from other variables in the survey. A reading of above 50 indicates future growth in the economy. **The index remains high by historical standards, indicating expected robust regional economic growth.**

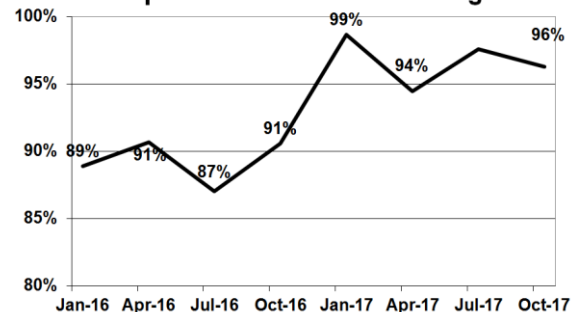
Orange County Business Expectations: OCBX Index



Overall Business Activity

The proportion of owners, CEOs, and managers that expect overall business activity to improve or stay the same was 96% in the 4th quarter 2017 compared to 98% for the 3rd quarter 2017. This variable measures responses to questions about Orange County executives' own industry as well as their outlook for the regional economy. **Expectations of strong general business growth remain.**

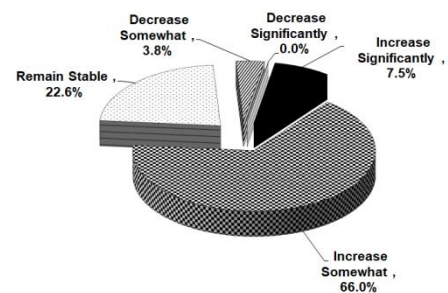
Overall Business Activity: Expect Increase or No Change



Own Industry Activity Survey Results

73.5% of the executives expect significant or some growth (compared to 74.2% in the last quarter) in their own industry. 3.8% (compared to 3.2% in the previous quarter) of businesses predict some decreases in their industry. 22.6% (compared to 22.6% last quarter) of Orange County firms believe that their own industry will remain stable. **A majority of business leaders expect at least some growth in their industry in the short term.**

Expected Local Industry Activity Over the Next Three Months

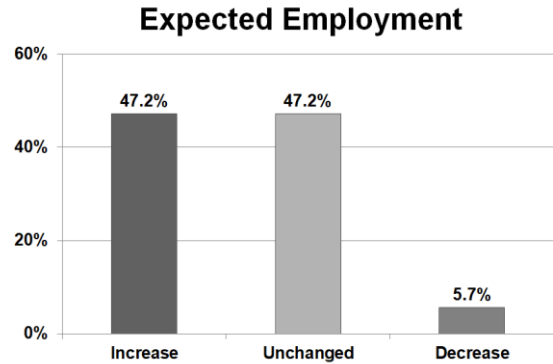


Orange County Business Expectations Survey, OCBX
4th Quarter 2017

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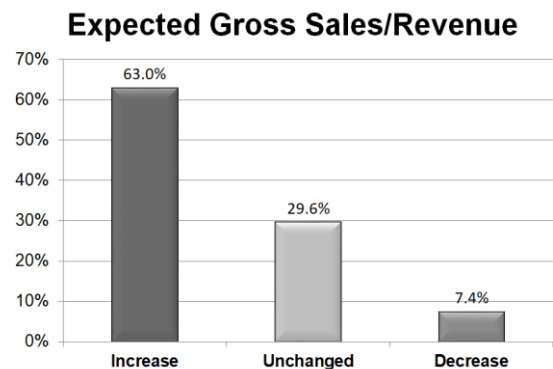
Employment

47.2% of firms surveyed intend to increase their labor force (compared to 42.6% in the last quarter), 47.2% intend to make no change (compared to 50.8% last quarter), and 5.7% expect to cut jobs (6.6% in the last quarter). **Firms appear slightly more likely to hire in the next quarter.**



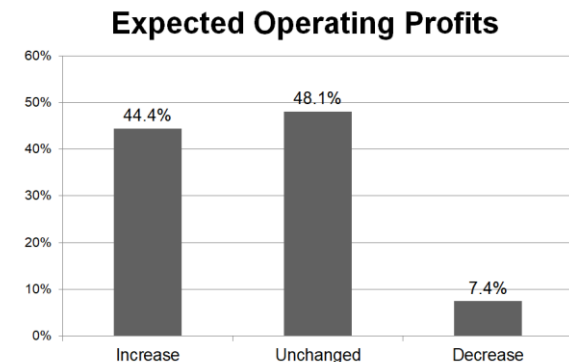
Sales/Revenues

63.0% of the firms surveyed expect their sales to increase this quarter (compared to 67.7% in the last quarter), 29.6% expect little change (compared to 30.6% the last quarter) and 7.4% expect to have lower sales (compared to 1.6% in the last quarter). **Sales expectations remain positive.**



Operating Profits

44.4% of the firms surveyed expect to have higher profits in the next three months (compared to 63.3% last quarter), 48.1% expect no change (compared to 26.7% from last quarter) while 7.4% expect lower profits (compared to 10% last quarter). **Profit expectations remain positive, but are slightly less positive than the previous quarter.**

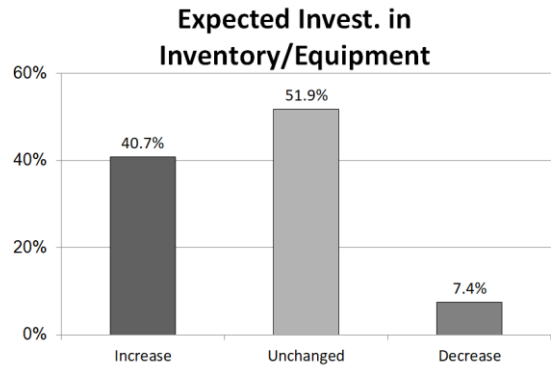


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Inventory/Equipment Investment

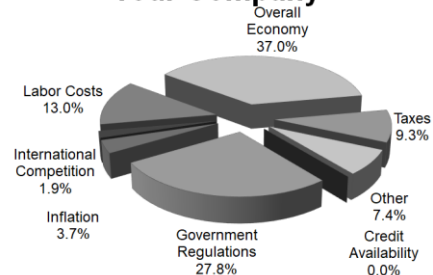
The percentage of those who said that they expect to increase investment was 40.7% compared to 36.1% in the last quarter. The share of those expecting investment to remain unchanged decreased to 51.9% from 60.7% and those who were expecting reduced investment increased to 7.4% from 3.28%. **Few business leaders expect to reduce investment in the strong business environment.**



Most Significant Factors

Concern over the state of the overall economy was the most major concern with 37.0% (compared to 29.0% last quarter). Government regulation was the second most significant concern of 27.8% of respondents (compared to 35.5% last quarter). Labor costs are the main concern of 13% of executives (compared to 11.3% last quarter). **A majority of business leaders surveyed are most worried about regulations or the overall economy.**

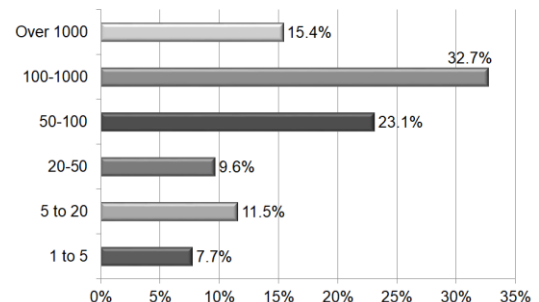
Most Significant Factor Impacting Your Company



Sample Firm Size

48.1% of the firms who responded to the survey employ more than 100 workers, while 19.2% had fewer than 20 employees and the rest, 29.7%, had between 20 and 100 employees.

Size of Firms included in OCBX Index: Employment Levels



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4th Quarter 2017

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What is the biggest threat to the US economy? [SPECIAL QUESTION]

In this special question, we asked executives about their opinion about the biggest threat to the US economy of six choices. The vast majority of executives (64.8%) are concerned that political and economic reform will be insufficient, which is similar to the previous quarter. Only 1.9% believe that reform may be too rapid, which is down from 18% in the previous quarter. Concern about North Korea debuted as the 2nd most significant concern with 14.8%. Federal Reserve interest rate increases remain the 3rd most significant concern with 13% (compared to 6.6% last quarter). **There is continued concern about insufficient political and economic reform, but also growing fears about conflict with North Korea.**

The Biggest Threat to the U.S. Economy

