Local business conditions remained robust during the last quarter of 2018, according to the latest Survey of Business Conditions. Yet business owners have been increasingly concerned about the impact of falling oil prices on the outlook of the local economy.

Only 13 percent of survey respondents indicated worsening business conditions in the most recent quarter, as the area was experiencing the lowest unemployment in a decade. Half of the respondents had experienced better business conditions, and more than two-thirds of them expected improvement in the economy or their own business in the next three months.

Despite a relatively bright near-term outlook, hiring and capital investment remained relatively weak. Weak sales conditions became the top challenge. The majority of comments concerned the impact of falling oil prices on the local economy. Labor costs and availability remained a key issue for 24 percent of local businesses, as compared to 35 percent at the beginning of the year.

URL of the online survey:  http://tinyurl.com/stxoutlook

Survey results are released quarterly at SouthTexasEconomy.com. The more recent survey generated a total of 72 responses. We appreciate the time of our participants and our partners that helped distribute this survey. For questions, please contact Jim Lee at jlee@tamucc.edu.
1. How have overall business conditions changed since the last time you responded to this survey (or the last 3 months)?

![Question 1 Graph]

2. How do you expect overall business conditions to change over the next 6 months?

![Question 2 Graph]
3. What changes in your company's sales or business activity do you expect over the next 6 months?

![Graph showing the expected changes in sales or business activity by quarter.]

**Question 3**

- **Substantial Growth**: Q1 9%, Q2 14%, Q3 19%, Q4 6%
- **Modest Growth**: Q1 59%, Q2 60%, Q3 63%, Q4 25%
- **No Change**: Q1 25%, Q2 16%, Q3 18%, Q4 6%
- **Small Declines**: Q1 6%, Q2 5%, Q3 4%, Q4 10%
- **Large Declines**: Q1 0%, Q2 1%, Q3 2%, Q4 0%

4. Is your company hiring?

![Graph showing the hiring activity by quarter.]

**Question 4**

- **Substantial Hiring**: Q1 6%, Q2 9%, Q3 6%
- **Modest Hiring**: Q1 50%, Q2 43%, Q3 29%
- **No Change**: Q1 41%, Q2 41%, Q3 47%
- **Small Job Cuts**: Q1 47%, Q2 47%, Q3 4%
- **Large Job Cuts**: Q1 0%, Q2 1%, Q3 2%
5. Is your company investing in new equipment or software?

![Bar chart showing investment levels by quarter for new equipment or software.]

6. Is your company investing in new office or other space?

![Bar chart showing investment levels by quarter for new office or other space.]

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7. How easy is it for your company to obtain financing on reasonable terms?

7. What is the most significant problem facing your company?