

Birmingham-Hoover Remains Confident Moving into the Second Quarter

ABCI Birmingham-Hoover remained very confident in the second quarter 2017 survey, gaining 3.0 points to reach 65.5. Area business leaders are confident in forecasting growth in the national and statewide economies in the coming quarter. Expectations for industry sales, profits, hiring and capital expenditures all continued to be optimistic about the coming quarter with gains in all metro indexes.

Birmingham-Hoover businesses are more confident about sales this quarter with an index score of 67.4, a 3.0-point gain from Q1 2017. Almost 70 percent of area respondents forecast an increase in sales, 24.2 percent are not anticipating a change, and only 6.1 percent forecast a decrease in sales from the previous quarter. Profit expectations continue to be optimistic, with the metro index gaining 0.8 points to reach 63.6 for the coming quarter. The majority of Birmingham-Hoover business leaders anticipate an increase, while 30.3 percent forecast no change and 9.1 percent predict a decrease in profits compared to Q1 2017.

The Birmingham-Hoover index for industry hiring shows increased confidence in the coming quarter with a 4.7-point gain to reach 61.4. Just over half of panelists expect to increase hiring compared with the previous quarter. Only 6.1 percent of area business leaders anticipate a decrease in hiring, with the remaining 42.4 percent forecasting no change in their hiring plans in Q2 2017.

Confidence in capital spending has increased moving into the second quarter of 2017 with an index of 62.9 after a 1.9-point gain. Almost 58 percent of Birmingham-Hoover industry leaders anticipate an increase in capital spending, compared to the 9.1 percent that expect a decrease. The remaining 33.3 percent do not forecast any change from their capital spending levels in the first quarter of 2017.

Second Quarter 2017 Outlook

	Birmingham-Hoover	Statewide
ABCI	65.5	65.2
National Economy	70.5	69.7
Alabama Economy	67.4	67.6
Industry Sales	67.4	67.2
Industry Profits	63.6	64.2
Industry Hiring	61.4	60.7
Capital Expenditures	62.9	61.9

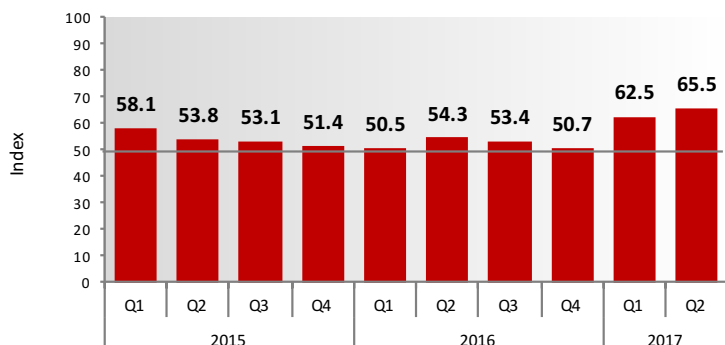
Index above 50 indicates positive outlook as compared to last quarter.
 Index below 50 indicates negative outlook as compared to last quarter.
 Gray increase from previous quarter.
 Red decrease from previous quarter.
 Blue no change.

Birmingham-Hoover Metro Area: Business Environment Expectations Q2 2017 compared to Q1 2017

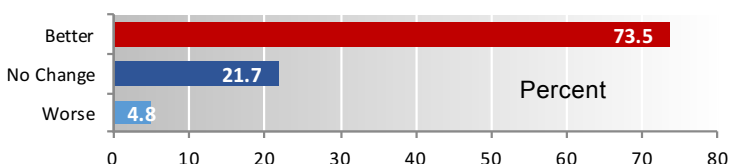
Birmingham-Hoover business executives are expecting a stronger second quarter for the U.S. economy with an index reading of 70.5, a 1.6-point increase from the previous quarter's index. Roughly 74 percent of panelists expect a better performance in the coming quarter, compared with the 4.8 percent who predict a slowdown in the national economy compared to the previous quarter.

Expectations for the Alabama economy also grew more confident in the Birmingham-Hoover metro area this quarter. Confidence in the statewide economy gained 5.2 points to reach 67.4, with 69.7 percent of the metro's business leaders expecting a stronger Alabama economy in Q2 2017. Just under 30 percent of panelists expect no change in the state's economic conditions, and only 3.0 percent forecast a worse performance than was seen in the previous quarter.

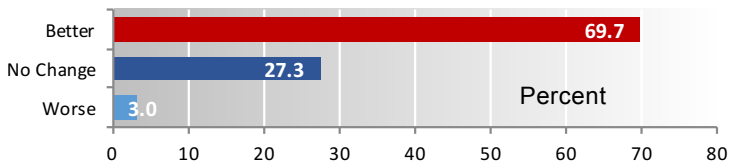
ABCI™ Birmingham-Hoover



National Economic Outlook



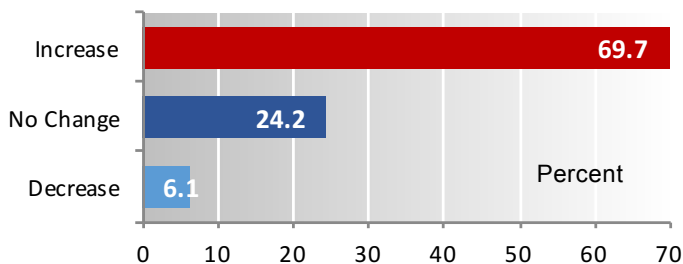
Alabama Economic Outlook



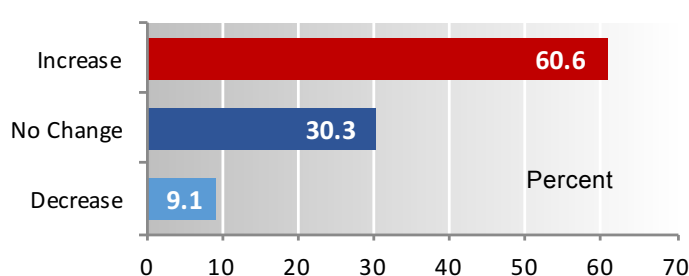
Birmingham-Hoover Metro Area: Industry Performance Expectations

Q2 2017 compared to Q1 2017

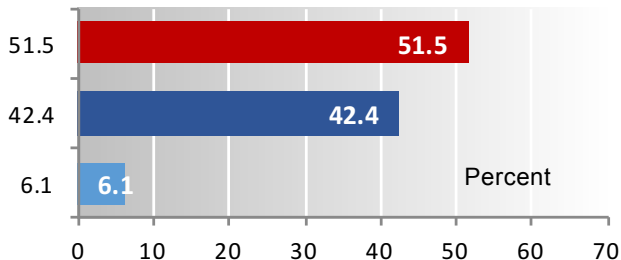
Sales



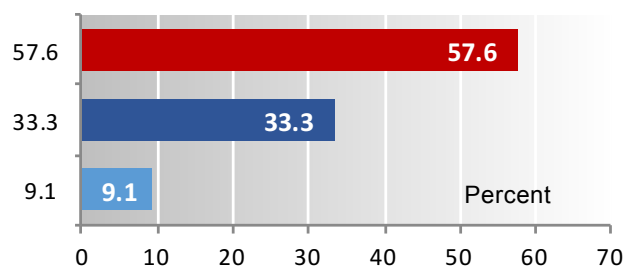
Profits



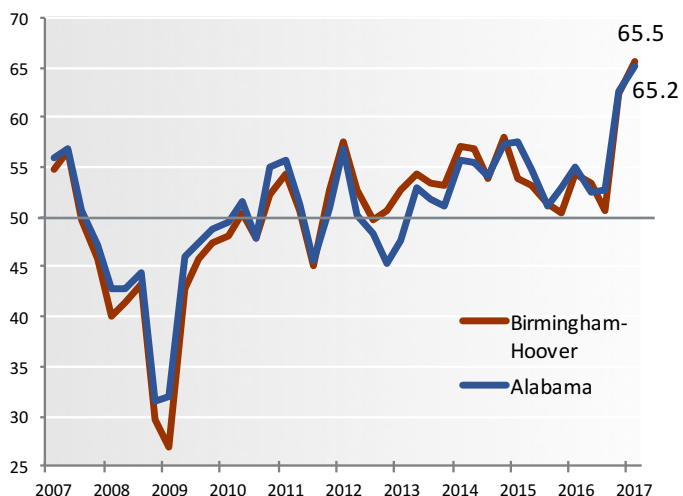
Hiring



Capital Expenditures



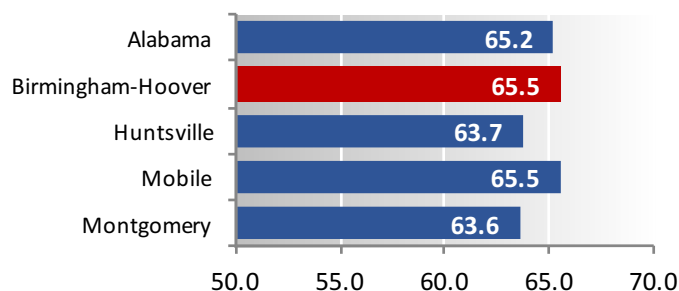
ABCI Birmingham-Hoover in Context



Birmingham-Hoover business confidence continued to grow to new heights, reaching 65.5 this quarter. Birmingham's ABCI is just 0.3 points above the statewide ABCI, though both indexes are the highest they have been in 10 years. This is the sixteenth consecutive quarter that business executives have predicted positive growth in the economy.

ABCI by Metro Area Q2 2017

Business sentiment in Alabama's four largest metro areas remains very optimistic, with all metros forecasting growth in the second quarter of 2017. ABCI Mobile and ABCI Birmingham-Hoover show the strongest confidence with overall index scores of 65.5. Even the lowest metro ABCI, which was recorded in Montgomery, reached 63.6 this quarter.



The Center for Business and Economic Research would like to thank all Birmingham-Hoover metro area business executives who completed the second quarter 2017 ABCI survey. We look forward to a continuing partnership with the Birmingham Business Alliance and encourage you to return for the third quarter 2017 survey June 1-15.

For more details on the Alabama Business Confidence Index™, visit cber.cba.ua.edu/ABCI.
Analysis provided by Susannah Robichaux, Socioeconomic Analyst.