

Birmingham-Hoover Remains Confident in Third Quarter

Birmingham-Hoover business executives remain optimistic about their prospects for the third quarter of 2017, with an area ABCI of 59.1. Moving from the second to third quarter of 2017, ABCI Birmingham-Hoover decreased by 6.4 points but remained positive. In all categories of the survey, businesses in Birmingham-Hoover are anticipating growth though with less overall confidence compared to the previous 2 quarter's very high expected increases.

The sales index decreased 5.9 points to register at confident 62.2. With a 51.3 percent majority, Birmingham-Hoover's business leaders are anticipating an increase in sales in the upcoming quarter. Only 7.7 percent expect sales to slow, and 41.0 percent forecast no change in their quarterly sales figures.

Birmingham-Hoover businesses expect profits to increase with moderate confidence, as shown by the index reading of 57.7. About 41 percent of local business leaders expect an increase in profits, and 48.7 anticipate a continuation of the second quarter's growth rate. The remaining 10.3 percent expect a decrease in profits.

Hiring in Birmingham-Hoover should continue at essentially the same pace as Q2 2017. Area business leaders projected strong confidence in the second quarter's job creation and now expect a continuation of increased hiring though with less confidence. The index decreased by 8.2 points to 53.2 this quarter. Almost 67 percent of Birmingham-Hoover executives plan to hire at the same pace as the last quarter, 23.1 percent anticipate an increase in hiring, and 10.3 percent expect hiring to slow.

Birmingham-Hoover businesses anticipate an increase in capital investment with an index of 58.3. A 56.4-percent majority of area respondents expect spending to be about the same as last quarter. About 39 percent anticipate an increase in their spending levels, and only 5.1 percent forecast a decrease in their spending.

Third Quarter 2017 Outlook

	Birmingham-Hoover	Alabama
ABCI	59.1	61.6
National Economy	61.5	64.5
Alabama Economy	61.5	64.2
Industry Sales	62.2	62.6
Industry Profits	57.7	59.6
Industry Hiring	53.2	58.9
Capital Expenditures	58.3	59.8

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 Q3 2017 compared to Q2 2017

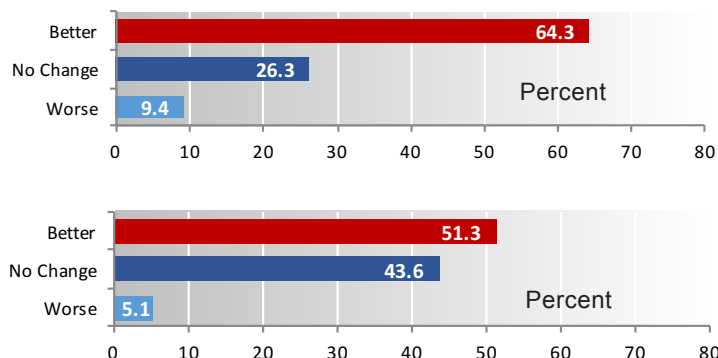
Since the first quarter of 2017, executives in the Birmingham-Hoover metro area have had high confidence in expected growth. In the Q3 2017 survey, the index for the U.S. economy decreased 8.9 points, and the Alabama index decreased 5.9 points, but both registered a still strongly positive 61.5 for the quarter.

Over 64 percent of panelists expect stronger growth in the national economy in Q3 2017, with only 9.4 percent anticipating a slowdown. There was a more neutral response for the Alabama economy, with 51.3 percent forecasting a stronger economy and 5.1 percent expecting a weaker economy.

ABCI™ Birmingham-Hoover

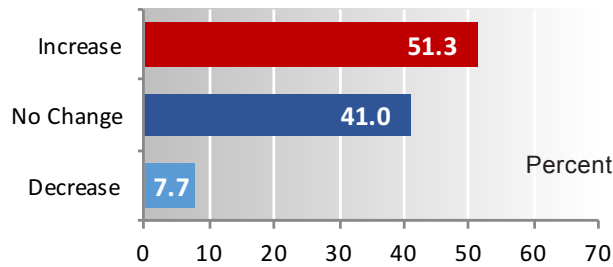


National Economic Outlook

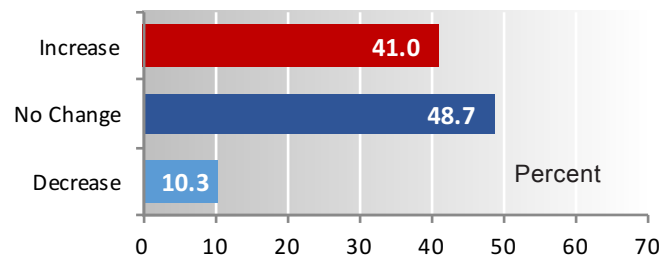


Birmingham-Hoover Metro Area: Industry Performance Expectations Q3 2017 compared to Q2 2017

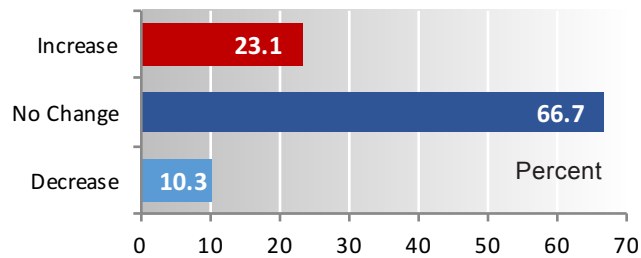
Sales



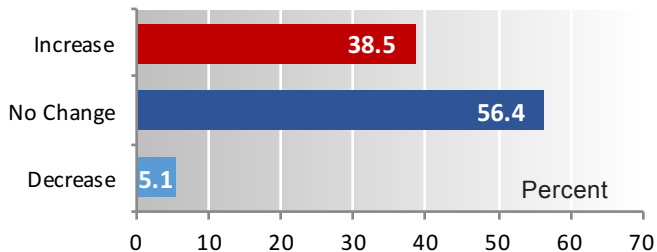
Profits



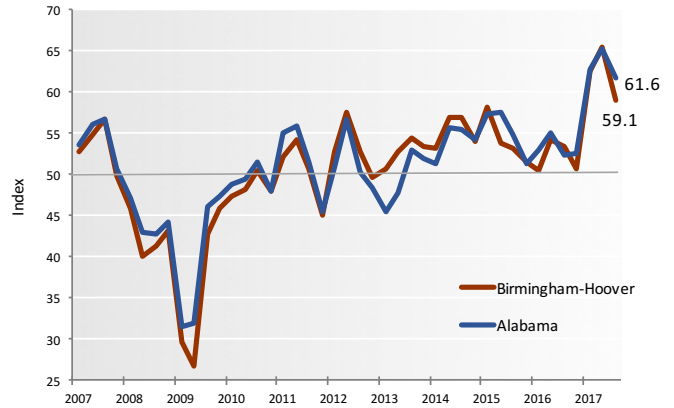
Hiring



Capital Expenditures



Historical ABCI Q1 2007 through Q3 2017

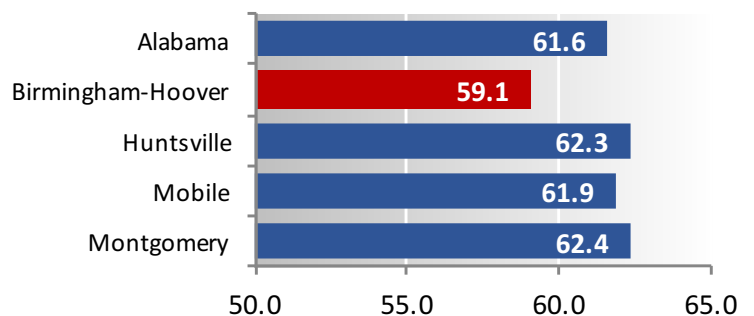


ABCI Birmingham-Hoover in Context

Birmingham-Hoover business confidence decreased 6.4 points to reach 59.1 on the Q3 2017 survey. This is the nineteenth consecutive quarter that the ABCI Birmingham-Hoover has been above 50, which indicates a positive outlook.

Business sentiment in Alabama's four largest metro areas is entirely positive in the third quarter of 2017, though statewide and metro area confidence has decreased slightly since last quarter. Montgomery is forecasting growth with the most confidence with an area index of 62.4, with Huntsville following closely at 62.3. Mobile's business community also remains optimistic with an area ABCI of 61.9. Birmingham-Hoover's ABCI saw the biggest drop, with a 6.4-point decrease to put their index at 59.1, but all metro areas continue to expect growth in the coming quarter.

ABCI by Metro Area Q3 2017



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

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