

Huntsville Business Confidence Positive with High Expectations for Job Growth in Q3 2017

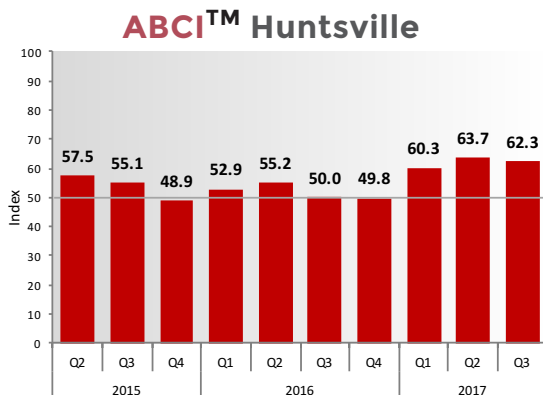
ABC I Huntsville fell 1.4 points to a still confident 62.3 on the third quarter 2017 survey. This is 0.7 points higher than the statewide ABC I and 12.3 points above the index registered a year ago. Although most of the industry indexes decreased slightly, area businesses continue to expect growth in the coming quarter with moderate to strong confidence.

The majority of Huntsville businesses in the survey expect an increase in sales in the third quarter of 2017. Despite a 5.1-point decline, the sales index remained at a confident 62.5 with 57.4 percent of respondents forecasting an increase in sales, 33.3 percent expecting sales to remain steady, and 9.7 percent anticipating a decline.

Though the profit index decreased 4.5 points, it remains positive with confidence at 58.8. While 35.2 percent of Huntsville businesses do not expect their profits to change, 50.0 percent anticipate an increase in their profits in the third quarter, and 14.8 percent think their profits will decline in the upcoming quarter.

The Huntsville business community forecasts job creation growth in the coming quarter, with a 5.3-point increase from the previous quarter to 64.4. Huntsville's hiring index is the highest of all the metro areas and is 5.5 points above the statewide index. A 59.3 percent majority of executives are expecting a strong or moderate increase in their hiring plans. Only 7.4 percent anticipate a slowdown in hiring, and the remaining 33.3 percent do not forecast a change in their hiring plans compared to Q2 2017.

The Huntsville index for capital expenditures remained high in the third quarter, decreasing only 1.0 point to reach 60.2. Area business leaders expect spending to increase in the coming quarter with fairly strong confidence. Almost 43 percent forecast an increase in their business's capital spending, 51.9 percent do not expect to change their expenditure from the previous quarter's levels, and 5.6 percent anticipate a decrease.



Third Quarter 2017 Outlook

	Huntsville	Alabama
ABC I	62.3	61.6
National Economy	63.9	64.5
Alabama Economy	64.4	64.2
Industry Sales	62.5	62.6
Industry Profits	58.8	59.6
Industry Hiring	64.4	58.9
Capital Expenditures	60.2	59.8

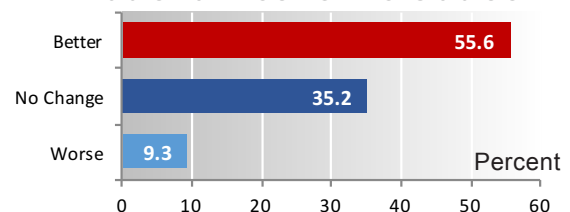
Index above 50 indicates positive outlook as compared to last quarter. Index below 50 indicates negative outlook as compared to last quarter. **Gray** increase from previous quarter. **Red** decrease from previous quarter. **Blue** no change.

Huntsville Metro Area: Business Environment Expectations Q3 2017 compared to Q2 2017

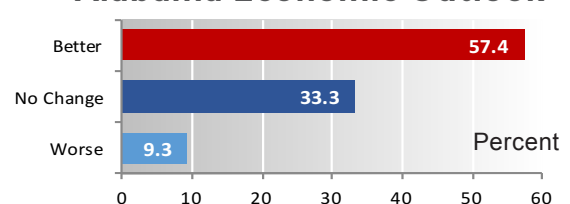
Huntsville business executives continue to be confident about Alabama's economic prospects moving into Q3 2017: the Alabama Economic Outlook is an optimistic 64.4, just 0.5 points below the Q2 2017 reading. A 57.4-percent majority of area business leaders expect better economic conditions in the coming quarter, and only 9.3 percent anticipate a worse outlook.

Similarly, confidence in the national economy remained high with an index reading of 63.9, after a 2.6-point drop from the previous quarter. About 56 percent of Huntsville business leaders anticipate a better National Economic Outlook, while 9.3 percent expect worse economic conditions in Q3 2017. The remaining 35.2 percent forecast a continuation of last quarter's national economic conditions.

National Economic Outlook

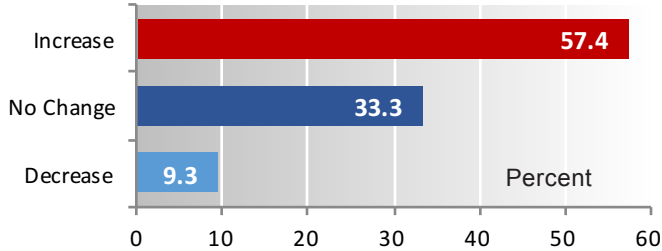


Alabama Economic Outlook

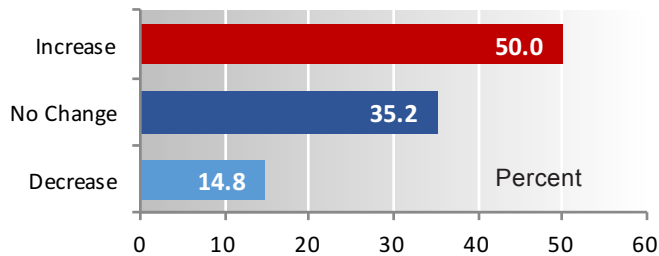


**Huntsville Metro Area:
Industry Performance Expectations**
Q3 2017 compared to Q2 2017

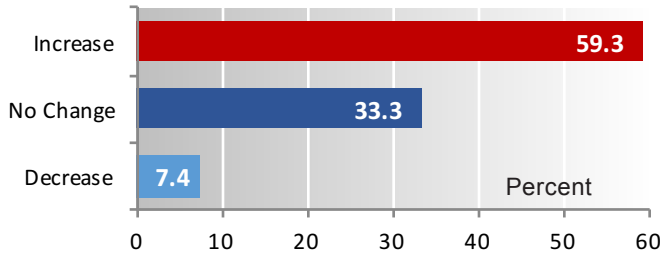
Sales



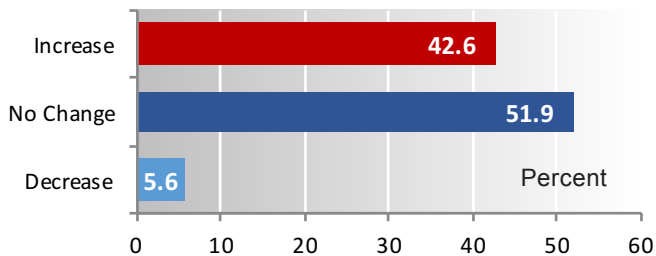
Profits



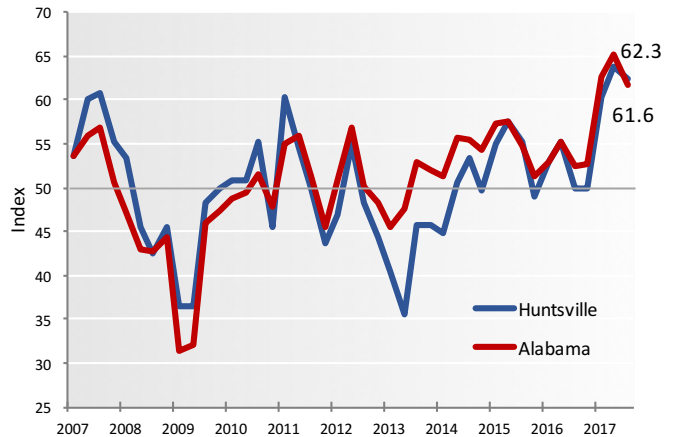
Hiring



Capital Expenditures



Historical ABCI
Q1 2007 through Q3 2017

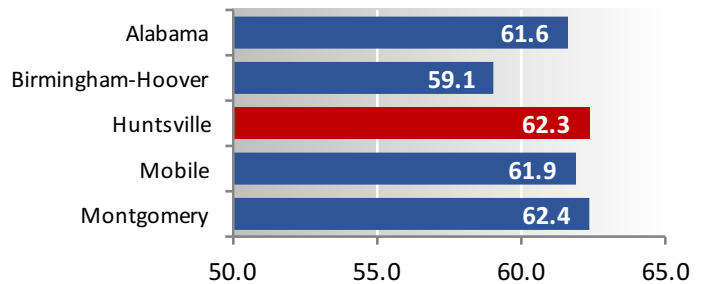


ABCI Huntsville in Context

Huntsville business confidence remained high in the third quarter of 2017 with an ABCI reading of 62.3. This is the third consecutive quarter Huntsville's ABCI has been above 60. With a slightly decreased statewide index of 61.6, the Huntsville area's ABCI surpassed statewide expectations. Even with the small decreases from the second quarter's readings, both remain optimistic entering the third quarter.

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 Huntsville metro area business executives who completed the third quarter 2017 ABCI survey. We look forward to a continuing partnership with the Huntsville Chamber of Commerce 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.