Huntsville Leads in Confidence in Third Quarter ABCI Survey

Moving into the third quarter of 2018, business confidence in Huntsville grew 3.2 points to reach a record high of 67.0. Huntsville business leaders are very optimistic about growth in Q3 2018, with all component indexes registering above 62.0. The Huntsville metro area’s ABCI is higher than the pooled statewide index and the other metro areas, indicating strong regional expectations for economic growth this quarter.

The sales index increased 4.6 points to register at a very confident 69.2 for Q3 2018. A 74.4-percent majority of Huntsville business leaders anticipate an increase in sales, 17.9 percent project slower sales, and 7.7 percent forecast no change compared to their second quarter sales.

Huntsville businesses expect profits to increase with confidence, as shown by the index reading of 67.9 after an 8.2 percent increase from Q2 2018. A group of 64.1 percent of local business leaders expect an increase in profits, 30.8 percent anticipate a continuation of Q2’s levels, and 5.1 percent forecast a decrease in profits in Q3 2018.

Hiring in Huntsville is expected to increase in the coming quarter with an index reading of 62.2, after a 0.4-point increase. Though 46.2 percent of Huntsville executives plan to increase hiring in the coming quarter, a segment of 53.8 percent expect to hire at the same pace. No area panelists anticipate slowing their hiring this quarter.

Metro panelists anticipate an increase in capital investment with an index of 62.8 after a 2.4-point gain in Q3 2018’s survey. A 51.3-percent majority expect to increase their spending levels, 41.0 percent forecast no change, and only 7.7 percent anticipate a decrease in the coming quarter.

Third Quarter 2018 Outlook

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<th>Huntsville</th>
<th>Alabama</th>
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<tr>
<td>ABCI</td>
<td>67.0</td>
<td>65.8</td>
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<tr>
<td>National Economy</td>
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<td>Alabama Economy</td>
<td>73.7</td>
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<tr>
<td>Industry Sales</td>
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<td>Industry Profits</td>
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<td>Industry Hiring</td>
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<tr>
<td>Capital Expenditures</td>
<td>62.8</td>
<td>63.6</td>
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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

Q2 2018 compared to Q3 2018

Though the national index decreased 1.3 points in the Q3 2018 survey, expectations for the national economy remain very confident at 66.0. A 59.0-percent majority of Huntsville business leaders expect better economic conditions in the coming quarter and 30.8 percent anticipate no change. The remaining 10.3 percent of panelists forecast worse U.S. conditions compared to Q2 2018.

Expectations for the Alabama economic outlook increased 5.0 points to reach a very confident 73.7 in the Q3 2018 survey. At 76.9 percent, most Huntsville business leaders expect a stronger statewide economy, while 17.9 percent anticipate a continuation of the previous quarter’s conditions. Only 5.1 percent of panelists indicated worse expectations for the statewide economy in the coming quarter.
Huntsville Metro Area: Industry Performance Expectations
Q3 2018 compared to Q2 2018

Sales
- Increase: 74.4%
- No Change: 17.9%
- Decrease: 7.7%

Profits
- Increase: 64.1%
- No Change: 30.8%
- Decrease: 5.1%

Hiring
- Increase: 46.2%
- No Change: 53.8%
- Decrease: 0.0%

Capital Expenditures
- Increase: 51.3%
- No Change: 41.0%
- Decrease: 7.7%

Huntsville business confidence reached new heights this quarter after gaining 3.2 points to reach 67.0 in the Q3 2018 survey. This is the 7th consecutive quarter that the ABCI Huntsville has been above 58, indicating area business leaders’ prolonged high expectations for growth.

Business sentiment in Alabama’s four largest metro areas as very positive for the third quarter of 2018 with all ABCIs registering above 62. Huntsville is forecasting growth with the most confidence with an area index of 67.0. Montgomery and Mobile followed with ABCIs of 66.5 and 65.6, respectively. With an ABCI of 62.8, Birmingham-Hoover’s business confidence is the lowest, but area businesses are still anticipating growth in the coming quarter with strong confidence.

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