Sustained High Expectations in Huntsville Moving into Fourth Quarter

Despite a 5.3-point decrease, ABCI Huntsville remained confident at 61.7 in the fourth quarter 2018 survey. The metro’s industry indexes all convey high confidence in growth, though all but one of the index levels are lower than the third quarter’s extremely high indexes. This continuation of confidence builds on seven consecutive quarters of expectations for growth.

After a 7.3-point loss, the Huntsville sales index remains very confident at 61.9 moving into the fourth quarter of 2018. A 59.5-percent majority of respondents forecast an increase in sales. About 23.8 percent expect to see steady sales, and 16.7 percent anticipate a decline in the coming quarter.

Huntsville business leaders are still confident that profits will continue to rise in Q4 2018 with an index of 59.5 after an 8.4-point decrease from Q3’s remarkably high index. A 47.6-percent segment of panelists expect a higher level of growth; 38.1 percent anticipate no major change compared with the previous quarter’s profits; and 14.3 percent forecast a decrease in the fourth quarter profits.

With a hiring index of 61.3 after decreasing 0.9 points, Huntsville businesses are confidently forecasting an increase in hiring in Q4 2018. At 52.4 percent, just over half of the metro’s business leaders anticipate higher growth, while 35.7 percent forecast hiring levels staying constant in the coming quarter, and just 11.9 percent anticipate a decrease compared to the previous quarter.

Capital expenditure registered at 63.1 for Q4 2018 after increasing 0.3 points. A 61.9-percent majority of area business leaders expect an increase in their capital spending in Q4 2018, 26.2 percent do not expect a change, and 11.9 percent anticipate a slowdown in capital expenditure compared to the previous quarter.

Huntsville’s index for the U.S. economy decreased 7.7 points to a still confident 58.3 in Q4 2018. Only 14.3 percent of area panelists expect a worse economic outlook compared to the previous quarter. Of the remaining 85.7 percent, half expect better conditions in the U.S. economy compared to Q3 2018, and half expect a continuation of the previous quarter’s conditions.

The Alabama economic outlook also decreased but remained very confident after dropping 7.6 points to reach 66.1. At 57.1 percent, the majority of area panelists forecast a better performance for the Alabama economy, while 40.5 percent expect a continuation of the third quarter’s conditions, and 2.4 anticipate a worse statewide economic outlook.

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Huntsville Metro Area: Industry Performance Expectations
Q4 2018 compared to Q3 2018

Sales
- Increase: 59.5%
- No Change: 23.8%
- Decrease: 16.7%

Profits
- Increase: 47.6%
- No Change: 38.1%
- Decrease: 14.3%

Hiring
- Increase: 52.4%
- No Change: 35.7%
- Decrease: 11.9%

Capital Expenditures
- Increase: 61.9%
- No Change: 26.2%
- Decrease: 11.9%

ABCi Huntsville in Context
Though Huntsville business confidence decreased 5.3 points this quarter, it still registered at a very confident 61.7. Executives in the metro area remain optimistic about the business environment this quarter with all indexes registering at or above 58.3. This is the 8th consecutive quarter that Huntsville’s ABCi has been above 50, indicating high expectations for growth from area business leaders since the start of 2017.

Despite decreases in the indexes, business sentiment in Alabama’s four largest metro areas continued to register as very positive in the fourth quarter of 2018 with all ABCIs registering at or above 61. Mobile is forecasting growth with the most confidence with an area index of 63.9. Huntsville and Montgomery followed with ABCIs of 61.7 and 61.5, respectively. With an ABCI of 61.0, Birmingham-Hoover business confidence is the lowest, but area businesses are still anticipating growth in the coming quarter with strong confidence.